

2007-2009 Local Program Guidelines

STP-Urban, STP-Rural, and Local Bridge

1. **Purpose and Description**

These Guidelines provide direction for project requests from Districts for the 2007-2009 Local Programs submittal and approval cycle. These programs are the Surface Transportation Program STP-Urban, STP-Rural and Local Bridge.

Wisconsin operates under a three-year local improvement program cycle that recognizes the increasing complexity of local projects and a need to encourage greater program stability. As the 2007-2009 program solicitation begins in January of 2005, this means “refreshing” the last year of the previous program cycle, 2007, and adding two more years of funding (2008 and 2009). Refreshing 2007 means examining the level of projects already approved for that year, and then incorporating additional dollars in the event they become available.

We are operating under Wisconsin's biennial budget for 2003- 2005, and programming projects for state fiscal years (SFYs) 2007-2009. Proposed funding levels are based on reauthorization of the federal transportation budget for 2005 and beyond, and the 2005-2007 state biennial budget that is currently under consideration. For 2007-2009 program development, funding will remain at 2005-2007 levels and will be updated as necessary pending any federal or state changes.

All projects in areas above 50,000 in population should be part of the Transportation Improvement Program (TIP) process, and must be contained in the TIP prior to project authorization. If not, an amendment to the TIP will be necessary.

Policy Changes:

There are several major policy changes for this program cycle:

- **Pre-Approved Construction Cost Policy** - To accommodate reasonable construction cost increases and inflation, WisDOT has established a schedule of pre-approved increases based on the approved project construction estimate. At the time of project approval, appropriate inflation will be applied and the following guidelines will be used to establish pre-approved construction cost increase thresholds for federal funding participation.

WisDOT will use the following steps to evaluate local construction cost increase requests:

- **STEP 1**

Before a District Local Programs Manager applies the pre-approved construction cost increases to a project the following approaches/options should be examined and evaluated:

1. Re-scope and down size the project.
2. Drop another approved project and move funds to project with cost increase.
3. Drop the project.
4. Request additional funding for the project under the next program cycle.
5. Locals fund cost increase 100 percent.

- **STEP 2**

As in past cycles, the anticipated year for construction and project estimate (in current year dollars) would be requested. WisDOT District staff will inflate the total cost at three percent per year to the requested year. The total eligible cost increase is based on whether the total construction cost exceeds **500,000 dollars (threshold typically used on state projects)**.

1. For construction estimates with total inflated costs **less than 500,000 dollars** the federal funding threshold on construction is calculated as follows:
 - Inflate four years ($1.03 \times 1.03 \times 1.03 \times 1.03 = 1.13$ factor).
 - Add 100,000 dollars to the construction estimate.
 - Then multiply by 0.80.

Example: For a 300,000 dollar current year estimate for construction in four years, inflate at three percent per year, then add 100,000 dollars to the total construction estimate $[(300,000 \text{ dollars} \times 1.13) + 100,000 \text{ dollars}] = 439,000 \text{ dollars}$. The federal funding threshold for construction is 80 percent; $(439,000 \text{ dollars} \times 0.8)$ or **351,200 dollars**.

2. For construction estimates with total inflated costs **500,000 dollars or greater**, the federal funding threshold on construction is 20 percent higher than the calculated 80 percent federal share.
 - Inflate three years ($1.03 \times 1.03 \times 1.03 = 1.09$ factor).
 - Then multiply by 0.8.
 - Then multiply by 1.2.

Example: For a 475,000 dollar current year estimate for construction in three years, inflate at three percent per year (construction year estimate is now greater than 500,000 dollars), multiply by 0.8 for Fed share, then add 20

percent $[(475,000 \text{ dollars} * 1.09) * 0.8 * 1.2] = 497,040 \text{ dollars}$). The federal funding total construction estimate would have a 497,040 dollar federal threshold.

The full “Pre-Approved Construction Cost Increase Policy” can be found on WisDOT’s Website at:

<http://www.dot.wisconsin.gov/localgov/highways/docs/construction-increase.pdf>

- Local Bridge Policy – Bridges eligible for federal local bridge replacement/rehabilitation funds must be included on FHWA’s federal bridge inventory. However, for the 2007-2009 program cycle local bridges that are not yet included in the federal bridge inventory will still be considered for bridge funding if they are on the state bridge inventory, are “functionally obsolete” or “structurally deficient” and meet the sufficiency rating criteria for replacement or rehabilitation. If approved in the statewide ranking and analysis process, state funds will be used for these projects since federal funds require the structure be on the federal bridge inventory at time of authorization.
- Railroad Crossing Policy - Management and staff from the Bureau of Transit and Local Roads (BTLR), Bureau of Rails and Harbors (BRH) and Bureau of State Highway Programs met in July 2004 to discuss issues concerning funding sources for railroad-crossing projects on locally owned roads and bridges. The group recommended the following guidelines for the 2007-2009 program cycle:
 - All local project requests must identify if a railroad crossing is within the termini of a local road and/or local bridge project. Even if signals and gates are in working order, they must be brought up to current standards.
 - Once Districts receive project requests from locals, Districts will forward a list of projects with identified railroad crossings to BRH staff to assess the rail crossing needs.
 - Based on BRH’s assessment, Rail-Highway Crossing Safety Program (RHCSP) funds are a possible funding source. WisDOT’s Railroad Projects Review Committee (RRPRC) will meet to evaluate proposed rail-highway crossing safety improvements for funding.
 - Funding review by the RRPRC will be required prior to STP-Urban, STP-Rural or Local Bridge funding approval. This is necessary for all but urbanized areas.

- If the project does not meet RHCSP funding criteria (benefit/cost analysis) the proposed project can be considered for STP-Urban, STP-Rural or Local Bridge funding. Bridges must be locally owned; railroad owned bridges are not eligible for STP-Urban, STP-Rural or Local Bridge funding.
- Reasonable Minimum Percentage of Federal Funds at Approval on Urbanized Area Projects – While STP-U projects can be funded as high as 80 percent with federal funds, it is not unusual for MPO's to maximize federal funds across several improvements due to significant funding requests that frequently exceed the MPOs' regional allocation. WisDOT has traditionally required that MPO's fund STP-U projects with a *minimum* federal funding level of 50 percent at approval. However, since many of these capped projects must absorb any cost increases by increasing the local share, the policy has been changed to allow projects to reflect reality at approval. MPO's and local communities should continue to assess the cost-effectiveness of utilizing federal funds on projects that are financed significantly with local funds. STP-Urban projects for communities with populations 5,000-50,000 continue to be funded 80 percent federal, 20 percent local.
- Early Project Scoping – A major recommendation of the Secretary's Committee on Local Program Streamlining (SCOLPS) requested WisDOT provide assistance to locals to develop better project scopes and funding estimates *prior* to submitting project applications for funding. The outcome would be significantly reduced delays in project development, and a more stable local program. A pilot was conducted in CY 2003, and WisDOT's district management committed to provide early project scoping services to local communities on a statewide basis beginning in January 2005. Due to WisDOT staff shortages, transportation district staff will provide this assistance upon specific local request only.

Process Changes:

- FIIPS Automation of Local Entitlements – The Automation of Local Entitlements in WisDOT's Financial Integrated Improvement Programming System (FIIPS) is still under development. The rating, ranking and approval process for the 2007-2009 program cycle will be completed "manually".
- Statewide Solicitation Letters – To improve statewide consistency WisDOT recently developed common solicitation letters for the STP-Urban, STP-Rural and Local Bridge programs. Districts will use these letters to solicit project requests from local units of government for the 2007-2009 program cycle.

2. General Instructions

1. In general, Districts should not allow local communities to request design and construction for the same project in the same program cycle. Exceptions will exist, for example, resurfacing and small bridge projects, which can typically be designed and built within a two to three year period.
2. Some of the approved 2007 design projects may be advanced into FY 2006 as long as this advancement does not affect the funding of other previously approved FY 2006 construction projects. The ability to advance projects into FY 2006 is requested by the district and approved on a statewide basis by the Bureau of Transit and Local Roads, Local Transportation Programs and Finance Section at Central Office in Madison.
3. Because a new program is being developed, project substitutions will not be accepted between January 7, 2005 and 60 days after the published date of the *Approved Projects List* for each program.
4. All projects *must* have a signed, accepted *State/Municipal Agreement* in place before any funds can be obligated. BTLR accepts and approves all such agreements for the department. The *State/Municipal Agreement* process for local projects will be reviewed and updated *prior* to approval of the 2007-2009 local programs.
5. The WisDOT *Program Management Manual (PMM)* will be a major source for implementation and policies for the 2007 - 2009 program.

3. Program Overview

Local Bridge

The estimate is 34,760,000 dollars (26,290,000 dollars federal and 8,470,000 dollars state) per year for 2008 and 2009. Local bridge projects are funded 80 percent federal or state, and 20 percent local. Wisconsin uses an "entitlement" formula to distribute Local Bridge funding. That formula uses *Statewide Replacement Cost* as a basis for distribution of funds. Each county gets a proportional share of the total allocation based on the cost of replacing those bridges with a sufficiency rating of less than 50. While the cost is based on replacement, the sufficiency rating determines whether the bridge is eligible for replacement or rehabilitation.

County highway commissioners will continue to establish bridge priorities within their county per TRANS 213. For all local bridge projects we will continue to use the statewide formula ranking process to complete the statewide analysis described in the WisDOT *Program Management Manual (PMM)*, Chapter Two, to determine the approved 2007-2009 Local Bridge Program.

To be eligible for federal aid, structures must have a clear span of 20 feet or greater, and be either "functionally obsolete" or "structurally deficient." These definitions are part of the federal requirements. In general, "functionally obsolete" means that the width, vertical clearance or load rating of the bridge does not meet modern standards. "Structurally deficient" means that a major element of the bridge (deck, abutments, or girders) is seriously deteriorated or damaged.

Bridges must be listed on the federal list of eligible bridges at the time of design or construction and not been constructed or reconstructed within the last 10 years regardless of the funding source. Also, structures must be eligible for replacement or rehabilitation at the time of application.

When developing proposed Local Bridge projects, the needs of pedestrians and bicyclists should be considered, especially when a bikeway had been previously designated as part of a regional or local bicycle and pedestrian system, and when local demands indicate a need. In general, bicycle and pedestrian accommodations can be funded through the program if they are constructed at the same time the motor vehicle lanes are replaced or rehabilitated.

TRANS 213 also allows rehabs on bridges with sufficiency ratings < 80 if certain conditions are met. An engineering study must be undertaken independently, i.e. using local dollars, by the local agency that indicates the rehabilitation would:

1. Be cost effective;
2. Extend the life of the bridge by at least 10 years; and,
3. Correct the deficiencies that caused the sufficiency rating to be less than 80.

Projects cannot be submitted for rehabilitation with a sufficiency rating of eighty or over. The federal requirements of functional obsolescence and structurally deficient will determine an eligible project, not its ability to return the SR back over 80.

STP-Rural

The estimate is 25,927,400 dollars federal funds per year for 2008 and 2009. STP-Rural projects are funded 80 percent federal, and 20 percent local.

Minor collectors remain eligible for funding in the 2007-2009 STP-Rural Program. Under TEA-21, rural minor collectors are eligible for federal funding at state discretion. In Wisconsin, these routes are eligible, but the program is limited to a total of two million dollars annually under federal rules (four million dollars total for the two years of funding). A total of 3,697 miles under local jurisdiction currently fall into this category.

County highway commissioners will continue to set priorities for STP-Rural funding within their county. For all rural local roads projects we will continue to use the statewide formula ranking process to complete the statewide analysis described in the

PMM, Chapter 2-01-05 to determine the approved statewide 2007-2009 STP-Rural Program.

Wisconsin uses an "entitlement" formula to distribute STP-Rural funding. That formula is based 60 percent on centerline mileage, and 40 percent on rural registration. The goal of STP-Rural continues to be to address significant improvement needs. To ensure counties with large amounts of minor collector mileage do not inappropriately benefit under this eligibility change, WisDOT and the Wisconsin County Highway Association (WCHA) have mutually agreed that minor collectors will be eligible to compete for program funding, but that this mileage will not be factored into the formula.

STP-Rural dollars may only be spent outside urban boundaries. The current formula generates funding priority based on factors completely outside of urban and urbanized areas. In Wisconsin, it is not appropriate to allow counties to propose to fund projects within those boundaries. It is a district responsibility to ensure no projects are submitted for STP-Rural funding which are located within urban boundaries.

STP-Urban

The estimate is 44,163,600 dollars federal funds per year for 2008 and 2009. STP-Urban projects are funded 80 percent federal, and 20 percent local, except within an urbanized area. Within urbanized areas, the MPO's are responsible to approve projects at a reasonable limit not to exceed 80 percent federal.

Federal law allocates STP-Urban funding using population as a basis for funding distribution. Urbanized and urban area designations are federally determined by population density. State borders are irrelevant in this initial designation. Funding for these multi-state entities are provided to each state based on its share of the urban or urbanized area population.

Total STP-Urban program funding will remain at 2005-2007 levels. A comparison of 1990 and 2000 Census data shows only minor shifts in Wisconsin's urban/rural population. The analysis reaffirms the use of the existing funding base for the urban/rural and Transportation Management Area (TMA) and Non-TMA allocations. The 2007-2009 STP-Urban annual allocation of funds for the four population categories can be found on the WisDOT website:

<http://www.dot.wisconsin.gov/localgov/docs/stpu-0709-allocation.pdf>

Urbanized Areas

All 16 urbanized Areas receive an annual allocation based on population. As TMA's (over 200,00 population), the Milwaukee, Madison and Round Lake Beach urbanized areas are federally permitted to carry over funds from one program cycle to another. Annual allocations for the remaining 13 urbanized areas (50,000-200,000 population) are to be spent within the program cycle they are approved. All urbanized areas

select projects in cooperation with their respective Metropolitan Planning Organization (MPO).

All 16 of the urbanized areas must stay within their allocation of funds. The allocations cannot be adjusted upward. Project growth will need to be monitored by district staff and the MPO and communities within the region through cooperative agreements within the urbanized area. Responsible choices based on mutual decision-making and consultation with the state will enhance the ability of the MPO's to manage their allocation and reduce the need for state intervention. MPO projects will be capped and specific instructions for project changes will be provided at program approval.

Urban Areas

For urban areas, annual funding for each of the two categories (5,000 to 20,000 and 20,000 to 50,000 in population), also continue to be allocated by population (2000 Census).

4. Schedule of Program Approvals

STP-Urban is developed and approved first. This will provide the MPOs as much time as possible to prepare their Transportation Improvement Programs (TIPs). STP-Rural and Local Bridge will follow. The timelines, published monthly in *The Way It Is*, are:

Proposed Schedule 2007-2009 Local Improvement Programs

Program	Project Requests Loaded Into FIIPS	Approved Programs Sent to Districts	Approved Program Published
STP-Urban	Friday, June 3 rd	Friday, July 8 th	Friday, July 29 th
STP-Rural	Friday, June 24 th	Friday, July 29 th	Friday, August 19 th
Local Bridge	Friday, July 15 th	Friday, August 26 th	Friday, September 16 th

Because the local highway and local bridge improvement programs involve close liaison and cooperation with local units of government, guidelines for the cyclical development of these programs will continue to be published on WisDOT's [Programs for Local Government](#) Web site for convenient access by local officials and staff.

Besides the guidelines themselves, the web site provides general information about the local highway improvement programs as well as funding levels and fund distribution.

The Approved Project List will be available for consultants and the general public on WisDOT's website 15 business days following the publication of the Approved Projects List using the above "Approved Program" dates. No hard copies will be sent. Consultants will be notified of this change. The Approved Project List for consultants and the general public will not include approved funding levels.

Any questions regarding these Guidelines should be directed to Franco Marcos at (608) 266-1535 or e-mail at Franklin.Marcos@dot.state.wi.us.